

## Message Text

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ACTION AID-59

INFO OCT-01 EA-10 ISO-00 SS-15 SP-02 L-03 EB-07 IGA-01

CIAE-00 INR-07 NSAE-00 DODE-00 ABF-01 TRSE-00 PM-03

IO-10 EUR-12 OMB-01 PA-02 PRS-01 USIA-15 /150 W

----- 059200

R 151030Z JUL 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 4777

UNCLAS SECTION 1 OF 2 VIENTIANE 4821

E.O. 11652: N/A

TAGS: EAID, EFIN, LA, US

SUBJ: FEOF: TEXT OF U.S. OPEN LETTER

REF: VIENTIANE 4816 AND 4803

SUMMARY: THIS TELEGRAM TRANSMITS TEXT OF U.S. OPEN LETTER  
TO PGNU FOREIGN MINISTER PHOUNE SIPASEUTH, DATED JULY 15,  
CONCERNING CY 1975 FEOF AGREEMENT. END SUMMARY.

BEGIN TEXT:

HIS EXCELLENCY MR. PHOUNE SIPASEUTH,  
DELEGATE OF HIS HIGHNESS THE PRIME MINISTER TO THE VICE-  
PRESIDENCY OF THE COUNCIL, MINISTER OF FOREIGN AFFAIRS,  
PROVISIONAL GOVERNMENT OF NATIONAL UNION,  
VIENTIANE, LAOS.

EXCELLENCY:

I HAVE THE HONOR TO ACKNOWLEDGE THE RECEIPT OF YOUR  
EXCELLENCY'S LETTER OF THIS DATE WHICH READS IN ENGLISH AS  
FOLLOWS:

"I HAVE THE HONOR TO REFER TO THE STABILIZATION  
PROGRAM INTO WHICH THE ROYAL LAO GOVERNMENT, IN CONSULTATION  
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WITH THE INTERNATIONAL MONETARY FUND, ENTERED ON 24

DECEMBER 1963 BY LETTERS EXCHANGED ON THAT DATE WITH THE GOVERNMENTS OF AUSTRALIA, FRANCE, THE UNITED KINGDOM, AND THE UNITED STATES, AND TO WHICH THE GOVERNMENT OF JAPAN ACCEDED BY EXCHANGE OF LETTERS DATED 7 APRIL 1965.

"TO EXTEND THE STABILIZATION PROGRAM THROUGH THE CALENDAR YEAR 1975 THE PROVISIONAL GOVERNMENT OF NATIONAL UNION OF LAOS UNDERTAKES TO INTRODUCE THE FOLLOWING SPECIFIC MEASURES:

"I.A. THE PROVISIONAL GOVERNMENT OF NATIONAL UNION SHALL LIMIT ITS NET INFLATIONARY BORROWING INCLUSIVE OF FOREIGN EXCHANGE SURCHARGE PROCEEDS, IF ANY, DURING CALENDAR YEAR 1975 TO A MAXIMUM OF 20.9 BILLION KIP, TAKING NECESSARY FISCAL MEASURES ON AN URGENT BASIS TO ACHIEVE THIS. TO THIS END, THE PROVISIONAL GOVERNMENT OF NATIONAL UNION SHALL LIMIT ITS BUDGETARY DEFICIT DURING FISCAL YEAR 1974/75 TO 23.9 BILLION KIP AND PROPOSES TO LIMIT ITS BUDGETARY DEFICIT DURING FISCAL YEAR 1975/76 TO 18.0 BILLION KIP. SHOULD THE FOREIGN EXCHANGE SURCHARGE PROCEEDS FOR THE FISCAL YEAR 1974/75 EXCEED THE PRESENT ESTIMATE OF 6.6 BILLION KIP, THE PROVISIONAL GOVERNMENT OF NATIONAL UNION AGREES TO REDUCE THE BUDGETARY DEFICIT BY A CORRESPONDING AMOUNT.

"I.B. THE PROVISIONAL GOVERNMENT OF NATIONAL UNION SHALL EXERCISE EFFECTIVE CONTROL OVER ITS OBLIGATIONS AND EXPENDITURES TO ENSURE THAT AUTHORIZED EXPENDITURE CEILINGS ARE NOT EXCEEDED.

"I.C. THE PROVISIONAL GOVERNMENT OF NATIONAL UNION SHALL TAKE THE NECESSARY MEASURES TO PREPARE AN INTEGRATED KIP BUDGET AND A THERETO RELATED FOREIGN EXCHANGE BUDGET FOR FISCAL YEAR 1975/76 BEFORE 30 JUNE 1975. THE PROVISIONAL GOVERNMENT OF NATIONAL UNION SHALL INFORM THE OTHER CONTRIBUTING GOVERNMENTS OF THE MEASURES TAKEN IN THIS RESPECT AND OF THE PROGRESS ACHIEVED.

"I.D. THE PROVISIONAL GOVERNMENT OF NATIONAL UNION SHALL MAKE MORE STRENUOUS EFFORTS TO BROADEN THE BASIS OF UNCLASSIFIED

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TAX COLLECTION, TO ASSURE FULL COLLECTION OF EXISTING TAXES AND DUTIES, AND TO ENSURE THE PROMPT DEPOSIT INTO THE TREASURY OF ALL REVENUES. IF ACTUAL COLLECTIONS IN ANY QUARTER OF THE CALENDAR YEAR FALL SHORT OF THE ESTIMATES, THE PROVISIONAL GOVERNMENT OF NATIONAL UNION WILL TAKE THE NECESSARY MEASURES TO INCREASE SUCH COLLECTIONS. IF ACTUAL COLLECTIONS EXCEED BUDGETED REVENUES, THE EXCESS SHALL BE USED TO REDUCE THE BUDGETARY DEFICIT OR BE PROGRAMMED FOR

DEVELOPMENTAL EXPENDITURES.

"II. THE PROVISIONAL GOVERNMENT OF NATIONAL UNION HAS  
ADVISED THE OTHER CONTRIBUTING GOVERNMENTS OF THE SPECIFIC  
F/W9\$TQ\*RGAF8=6M W!9 .V!JB4//J7\$QW\*0##\$T>\$1\$D#HI(A,CKD#HI24KN#\*GD@+T  
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R 151030Z JUL 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 4778

UNCLAS SECTION 2 OF 2 VIENTIANE 4821

"III.C. THE PROVISIONAL GOVERNMENT OF NATIONAL UNION  
SHALL MAINTAIN A LEGAL MARKET IN FOREIGN EXCHANGE.

"TO ASSIST IN MAINTAINING ORDERLY CONDITIONS IN THE  
LEGAL MARKET, I HAVE THE HONOR TO REQUEST THAT YOUR  
GOVERNMENT SHALL JOIN THE PROVISIONAL GOVERNMENT OF NATIONAL  
UNION IN CONTRIBUTING TO A FOREIGN EXCHANGE OPERATIONS FUND  
FOR LAOS AND TO MAKE THE FOLLOWING FURTHER PROPOSALS:

"IV.A. A STABILIZATION CONSULTATIVE COMMITTEE SHALL  
BE ESTABLISHED WHICH WILL INCLUDE REPRESENTATIVES OF THE  
PROVISIONAL GOVERNMENT OF NATIONAL UNION, THE MANAGER OF THE  
FOREIGN EXCHANGE OPERATIONS FUND FOR LAOS, THE RESIDENT  
REPRESENTATIVE OF THE INTERNATIONAL MONETARY FUND, AND A  
REPRESENTATIVE OF EACH OF THE OTHER CONTRIBUTING GOVERNMENTS.

"IV.B. THE STABILIZATION CONSULTATIVE COMMITTEE SHALL  
BE RESPONSIBLE FOR EXAMINING MONTHLY THE PROGRESS OF THE  
STABILIZATION PROGRAM AND SHALL RECEIVE NO LATER THAN  
TWENTY DAYS AFTER THE CLOSE OF EACH MONTH, AND AT LEAST  
TWO WORKING DAYS BEFORE ITS MONTHLY MEETING, REPORTS IN  
WRITING COVERING THE PREVIOUS MONTH'S OPERATIONS, FROM (I)  
THE BUDGET OFFICE, (II) THE NATIONAL EXCHANGE OFFICE, (III)  
THE EXCHANGE AUTHORIZATION COMMISSION, (IV) THE NATIONAL BANK  
OF LAOS, AND (V) THE MANAGER OF THE FOREIGN EXCHANGE  
OPERATIONS FUND FOR LAOS WITH A VIEW TO ASSURING THE PROPER

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IMPLEMENTATION OF THE STABILIZATION PROGRAM. THE STABILIZATION CONSULTATIVE COMMITTEE SHALL MAKE RECOMMENDATIONS TO THE CONTRIBUTING GOVERNMENTS AND TO THE MANAGER OF THE FOREIGN EXCHANGE OPERATIONS FUND FOR LAOS ON THE PROGRESS OF THE STABILIZATION PROGRAM AND WAYS TO IMPROVE ITS IMPLEMENTATION.

"V. THE GOVERNMENT OF THE UNITED STATES OF AMERICA AGREES THAT KIP GENERATED BY THE SALE THROUGH THE FOREIGN EXCHANGE OPERATION FUND OF DOLLARS CONTRIBUTED TO THE FUND BY THE UNITED STATES GOVERNMENT, WITH THE EXCEPTION OF SUCH AMOUNTS AS THE FUND MAY REQUIRE TO MEET ITS OPERATING EXPENSES, SHALL AT THE REQUEST OF THE PROVISIONAL GOVERNMENT OF NATIONAL UNION BE PAID TO THE NATIONAL BANK OF LAOS FOR RETIREMENT OF THE PROVISIONAL GOVERNMENT OF NATIONAL UNION DEBT OWED TO THE BANK. THE FOREGOING AGREEMENT SHALL NOT LIMIT THE RIGHT OF THE UNITED STATES GOVERNMENT TO PURCHASE KIP FROM THE FUND AND TO UTILIZE THE KIP SO ACQUIRED IN FURTHERANCE OF UNITED STATES-SUPPORTED PROGRAMS IN LAOS.

"VI. BEING AWARE THAT THE GOVERNMENT OF THE UNITED STATES OF AMERICA WOULD WELCOME CONTRIBUTIONS TO THE FOREIGN EXCHANGE OPERATIONS FUND BY OTHER GOVERNMENTS IN ADDITION TO THE EXISTING CONTRIBUTING GOVERNMENTS, THE PROVISIONAL GOVERNMENT OF NATIONAL UNION AGREES ACTIVELY TO SEEK CONTRIBUTIONS FROM SUCH OTHER GOVERNMENTS.

"VII. SHOULD EITHER PARTY OF THIS AGREEMENT COME TO BELIEVE IT WILL BE UNABLE TO FULFILL ANY OF ITS OBLIGATIONS UNDER THE AGREEMENT, IT SHALL CONSULT THE OTHER PARTY IMMEDIATELY.

"VIII. THIS AGREEMENT MAY BE AMENDED BY MUTUAL AGREEMENT.

"IX. THIS AGREEMENT MAY BE TERMINATED BY EITHER GOVERNMENT AFTER CONSULTATION BETWEEN OUR TWO GOVERNMENTS.

"ANY PROVISIONS OF THE 1958 MONETARY REFORM AGREEMENT BETWEEN OUR TWO GOVERNMENTS WHICH ARE INCONSISTENT WITH THIS AGREEMENT ARE SUPERSEDED DURING THE LIFE OF THIS  
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AGREEMENT.

"ON RECEIPT OF A LETTER FROM YOUR EXCELLENCY INDICATING

THAT THE FOREGOING UNDERTAKINGS AND PROPOSALS ARE  
ACCEPTABLE TO THE GOVERNMENT OF THE UNITED STATES OF  
AMERICA, THE PROVISIONAL GOVERNMENT OF NATIONAL UNION WILL  
CONSIDER THAT THIS LETTER AND THAT OF YOUR EXCELLENCY IN  
REPLY CONSTITUTE AN AGREEMENT BETWEEN OUR TWO GOVERNMENTS TO  
ENTER INTO FORCE ON THE DATE OF YOUR EXCELLENCY'S REPLY.

"THE PROVISIONAL GOVERNMENT OF NATIONAL UNION THANKS  
YOUR GOVERNMENT FOR BRINGING ITS ASSISTANCE TO THE  
REALIZATION OF THIS PROGRAM, AND I AM PARTICULARLY HAPPY  
TO EXPRESS TO YOU ON THIS OCCASION OUR SENTIMENTS OF  
GRATITUDE."

I HAVE THE HONOR TO INFORM YOUR EXCELLENCY THAT THE  
FOREGOING UNDERTAKINGS AND PROPOSALS ARE ACCEPTABLE TO THE  
GOVERNMENT OF THE UNITED STATES OF AMERICA WHICH  
THEREFORE AGREES THAT YOUR EXCELLENCY'S LETTER TOGETHER  
WITH THE PRESENT REPLY SHALL CONSTITUTE AN AGREEMENT  
BETWEEN THE TWO GOVERNMENTS WHICH SHALL ENTER INTO FORCE  
AS OF THIS DATE. SPECIFICALLY, MY GOVERNMENT HEREBY ACCEDES  
TO THE REQUEST OF THE PROVISIONAL GOVERNMENT OF NATIONAL  
UNION TO PARTICIPATE IN THE FOREIGN EXCHANGE OPERATIONS  
FUND FOR LAOS DURING CALENDAR YEAR 1975.

ACCEPT, EXCELLENCY, THE RENEWED ASSURANCES OF MY HIGHEST  
CONSIDERATION.

CHRISTIAN A. CHAPMAN

CHARGE D'AFFAIRES, AI.

END TEXT

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
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